

Message Text

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22

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 /084 W

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R 032130Z DEC 76

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 9050

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E.O. 11652: N/A

TAGS: PFOR, ECON, DR

SUBJECT: MEETING WITH PRESIDENT BALAGUER - THE DOMINICAN ELECTRIC
COMPANY

REF: SANTO DOMINGO 5889

1. DURING THE MEETING REPORTED REFTEL, THE DISCUSSION OF THE ELECTRIC SHORTAGE SITUATION TURNED INEVITABLY TO THE POOR FINANCIAL CONDITION OF THE CORPORACION DOMINICANA DE ELECTRICIDAD (CDE). I MENTIONED CDE'S INDEBTEDNESS TO TEXACO, BANK OF AMERICA AND EX-IM BANK, AMONG OTHERS, AND SAID THAT UNLESS THERE WERE A SUBSTANTIAL INCREASE IN ELECTRICITY RATES, CDE WOULD NEVER BE IN A POSITION TO PAY ITS BILLS. THE PRESIDENT AGREED THAT AN INCREASE WAS IMPERATIVE AND THAT HE CONTEMPLATED DOING SO JUST AS SOON AS SERVICE IMPROVED. HE THOUGHT IT IMPOLITIC TO INCREASE RATES WHILE THE POPULACE WAS VERY UNHAPPY OVER THE BLACKOUTS. HE EXPECTED THE HAINA NO. 3 GENERATOR TO COME ON STREAM DECEMBER 3, NOW HAVING BEEN REPAIRED, A DEVELOPMENT WHICH WOULD EASE THE SHORTAGE SOMEWHAT.

2. BALAGUER CONFIDED THAT HE CONTEMPLATED A BASIC REORGANIZA-

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TION OF CDE BECAUSE HE THOUGHT THE JOB OF HEADING CDE TOO

COMPLEX FOR ONE MAN, ESPECIALLY JULIO SAURI. HE FOUND SAURI CAPABLE TECHNICALLY, BUT A POOR ADMINISTRATOR.

3. COMMENT: THE PRESIDENT MAY ALSO BE WAITING TO SEE WHETHER THE OPEC NATIONS INCREASE PETROLEUM PRICES AS A FURTHER PEG FOR HIS INCREASING RATES. HE SHOULD ACT PROMPTLY NOT ONLY TO CLEAR UP CDE'S INDEBTEDNESS BUT ALSO AN EXTENDED DELAY WOULD BRING HIM MUCH CLOSER TO THE ELECTORAL PERIOD, WHEN IT WOULD BE IMPOLITIC TO RAISE RATES UNDER ANY CIRCUMSTANCES.
HURWITCH

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